



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2706
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
ACTING AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
MARIA M. OMS

January 8, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM:

Wendy L. Watanabe
Acting Auditor-Controller

A handwritten signature in cursive script, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **SOUTHEAST AREA SOCIAL SERVICES FUNDING AUTHORITY
CONTRACT REVIEW – A COMMUNITY AND SENIOR SERVICES
WORKFORCE INVESTMENT ACT PROGRAM PROVIDER – FISCAL
YEAR 2007-08**

We completed a program, fiscal and administrative contract compliance review of Southeast Area Social Services Funding Authority (SASSFA or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with SASSFA, a public agency to provide and operate the WIA Adult, Dislocated Worker, Rapid Response and Youth Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. The WIA Rapid Response Program provides assistance to companies that are facing a reduction in their work force and assists the soon-to-be dislocated workers cope with career transitions by providing orientation seminars, workshops and materials. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. SASSFA's offices are located in the First and Fourth Districts.

SASSFA was compensated on a cost reimbursement basis with a contract for \$2,078,137 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether SASSFA complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, SASSFA expenditures were accurately billed and supported by documentation as required. In addition, SASSFA maintained sufficient controls over its business operations and provided the program services to eligible participants. Further, SASSFA appropriately charged payroll expenditures and implemented all 13 recommendations from our prior monitoring report. The only finding noted during this review is the need for SASSFA to accurately update the Job Training Automation System to reflect the participants' program activities.

Details of our review are attached.

Review of Report

We discussed our report with SASSFA and CSS on November 13, 2008. In their attached response, SASSFA concurred with our finding and recommendation.

We thank SASSFA for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0303.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Department of Community and Senior Services
Kirk Kain, Executive Director, Southeast Area Social Services Funding Authority
Susan Tripp, Chairperson, Southeast Area Social Services Funding Authority
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAMS
SOUTHEAST AREA SOCIAL SERVICES FUNDING AUTHORITY
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Southeast Area Social Services Funding Authority (SASSFA or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 42 (8%) (15 adults, 12 dislocated workers and 15 youth) of the 533 participants that received services from July 2007 through June 2008 for documentation to confirm their eligibility for WIA services.

Results

All 42 participants met the eligibility requirements of the WIA programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 42 (8%) participants that received services from July 2007 through June 2008. We also interviewed five adults, five dislocated workers and six youth.

Results

The six participants/guardians interviewed stated that the services they received met their expectations. However, SASSFA did not report the participants' program activities, such as completion of leadership training on the Job Training Automation (JTA) system for two (5%) of the 42 participants sampled. The JTA system is used by the State of

California Employment Development Department (EDD) and the Department of Labor to track WIA participants' activities.

Recommendation

1. **SASSFA management ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities.**

PERFORMANCE OUTCOME REVIEW**Objective**

Determine whether the Agency met the planned performance outcomes as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB). The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gain employment.

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes to the planned performance outcomes outlined in the County contract and to the program activities reported on the JTA system.

Results

SASSFA met all the planned performance outcomes outlined in the County contract for the WIA Youth, Adult and Dislocated Worker Programs.

Recommendation

There are no recommendations for this section.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's April 2008 bank reconciliation.

Results

Generally, SASSFA maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 104 non-payroll expenditure transactions billed by the Agency for July 2007 and April 2008, totaling \$50,574.

Results

Generally, SASSFA's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, SASSFA maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether SASSFA's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 11 items purchased with WIA funds, totaling \$91,031

Results

Generally, SASSFA used the items purchased with WIA funding for the WIA programs and the items were safeguarded.

Recommendation

There are no recommendations for the section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures for 30 employees and 53 participants totaling \$130,685 for July 2007 and April 2008 to the Agency's payroll records and time reports. In addition, we interviewed one employee and reviewed personnel files for five employees assigned to the WIA programs.

Results

Generally, SASSFA appropriately charged payroll expenditures to the WIA programs. In addition, SASSFA's personnel files were maintained as required.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether SASSFA's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Agency's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in July 2007 and April 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Generally, SASSFA's Cost Allocation Plan was prepared in compliance with the County contract and expenditures were appropriately allocated to the Agency's programs.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2006-07 final close-out invoices for the WIA Adult, Dislocated Worker, Rapid Response and Youth Programs reconciled to the Agency's financial accounting records.

Verification

We traced SASSFA's FY 2006-07 general ledgers to the Agency's final close-out invoices for FY 2006-07. We also reviewed a sample of expenditures incurred in April, May and June 2007.

Results

SASSFA's final close-out invoices for the WIA Adult, Dislocated Worker, Youth, and Rapid Response programs reconciled to the Agency's financial records.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP**Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor Controller.

Verification

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued in October 2008.

Results

The prior year's monitoring report contained 13 recommendations. SASSFA implemented all 13 recommendations.

Recommendation

There are no recommendations for this section.



November 11, 2008

County of Los Angeles
Department of Auditor-Controller
Attn: Wendy T. Watanabe, Acting Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071

**SUBJECT: SOUTHEAST AREA SOCIAL SERVICES FUNDING AUTHORITY-
REGIONAL WORKFORCE GROUPS CONTRACT-WORKFORCE
INVESTMENT ACT PROGRAMS**

Dear Ms. Watanabe,

We have received the final draft of your program, fiscal and administrative review of the Southeast Area Social Services Funding Authority (SASSFA) for Fiscal Year (FY) 2007-2008. The Review was conducted on June 10, 2008 through June 13, 2008, and an exit conference was held on June 13, 2008. The Draft Report was issued on November 5, 2008. There was only one finding/recommendation, therefore, we felt an exit conference was not necessary. This letter is SASSFA's formal response to the draft report.

We are committed to improving our services based on the review and its findings. Below is our specific response to each finding.

BILLED SERVICES/ CLIENT VERIFICATION

Recommendation

- 1. SASSFA management ensure that staff accurately update the Job Training Automation system to reflect the participants' program activities.**

The review report makes the statement that out of the 12 Dislocated Worker participants sampled SASSFA did not report program activity, such as the development of the Individual Employment Plan, on the JTA system for one (8%) of the participants.

The issue is easily correctable, and it is our intention to deliver quality and WIA compliant services to the residents of our communities. This issue has been noted and WIA staff have been made aware of the need to implement this recommendation.

10400 PIONEER BLVD., SUITE 9, SANTA FE SPRINGS, CALIFORNIA 90670
TELEPHONE (562) 946-2237 - FAX (562) 946-5818

CONCLUSION

We appreciate the opportunity to respond to the SASSFA-RWG Fiscal and Administrative Review prepared by your office. It seems that both SASSFA and the Auditor Controller's office have improved and learned from each other, as is evidenced by the reduction of findings from the past three years. Every agency has room for improvement, but we do feel that, overall, you report points to the ongoing quality of SASSFA's services. Thank you for your time and effort in supporting those services.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk Kain", written over the word "Sincerely,".

Kirk Kain
SASSFA Executive Director